

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | |
|----------------------------------------------|----------|
| THE APPLICATION OF ROWAN WATER, INC. ROWAN) | |
| COUNTY, KENTUCKY, FOR A CERTIFICATE) | |
| OF PUBLIC CONVENIENCE AND NECESSITY TO) | CASE NO. |
| CONSTRUCT, FINANCE AND INCREASE RATES) | 96-507 |
| PURSUANT TO KRS 278.023) | |

O R D E R

On October 28, 1996, Rowan Water, Inc. ("Rowan Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$633,600 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 60 additional customers. Project funding includes a \$121,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development ("RD") formerly known as the Rural Economic and Community Development Service, a \$200,000 grant from RD, a \$155,400 Community Development Block Grant, a \$150,000 Appalachian Regional Commission Grant, and \$7,200 from applicants for service in the proposed project area.

Rowan Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory

completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on October 28, 1996, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Rowan Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Rowan Water's proposed plan of financing with RD is accepted.

3. Rowan Water is authorized to issue bonds not to exceed \$121,000.

4. Rowan Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.


6. Rowan Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.


7. Rowan Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Rowan Water shall take immediate action to bring the system into compliance with Commission regulations.

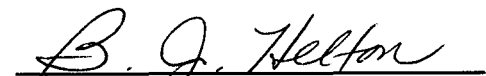
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 26th day of November, 1996.

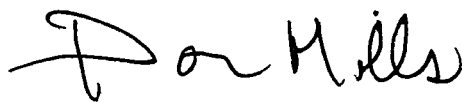
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-507 DATED NOVEMBER 26, 1996

The following rates and charges are prescribed for the customers in the area served by Rowan Water, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates:

5/8" x 3/4" Meter

| | | | | |
|----------|--------|---------|---------|-------------------|
| First | 2,000 | Gallons | \$10.10 | Minimum Bill |
| Next | 3,000 | Gallons | 3.50 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 3.00 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 2.60 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 2.40 | Per 1,000 Gallons |
| Next | 15,000 | Gallons | 2.20 | Per 1,000 Gallons |
| All Over | 50,000 | Gallons | 1.95 | Per 1,000 Gallons |

3/4" Meter

| | | | | |
|----------|--------|---------|---------|-------------------|
| First | 4,000 | Gallons | \$17.10 | Minimum Bill |
| Next | 1,000 | Gallons | 3.50 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 3.00 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 2.60 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 2.40 | Per 1,000 Gallons |
| Next | 15,000 | Gallons | 2.20 | Per 1,000 Gallons |
| All Over | 50,000 | Gallons | 1.95 | Per 1,000 Gallons |

1" Meter

| | | | | |
|----------|--------|---------|---------|-------------------|
| First | 5,000 | Gallons | \$20.60 | Minimum Bill |
| Next | 10,000 | Gallons | 3.00 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 2.60 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 2.40 | Per 1,000 Gallons |
| Next | 15,000 | Gallons | 2.20 | Per 1,000 Gallons |
| All Over | 50,000 | Gallons | 1.95 | Per 1,000 Gallons |

1-1/2" Meter

| | | | | |
|----------|--------|---------|---------|-------------------|
| First | 15,000 | Gallons | \$50.60 | Minimum Bill |
| Next | 10,000 | Gallons | 2.60 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 2.40 | Per 1,000 Gallons |
| Next | 15,000 | Gallons | 2.20 | Per 1,000 Gallons |
| All Over | 50,000 | Gallons | 1.95 | Per 1,000 Gallons |

2" Meter

| | | | | |
|----------|--------|---------|---------|-------------------|
| First | 25,000 | Gallons | \$76.60 | Minimum Bill |
| Next | 10,000 | Gallons | 2.40 | Per 1,000 Gallons |
| Next | 15,000 | Gallons | 2.20 | Per 1,000 Gallons |
| All Over | 50,000 | Gallons | 1.95 | Per 1,000 Gallons |

Wholesale

\$ 1.30 Per 1,000 Gallons